

**INDEPENDENT AUDITORS' REPORT ON
THE FINANCIAL STATEMENTS
OF
WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
JUNE 30, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-10-07

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**WEST CALCASIEU PARISH
COMMUNITY CENTER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006**

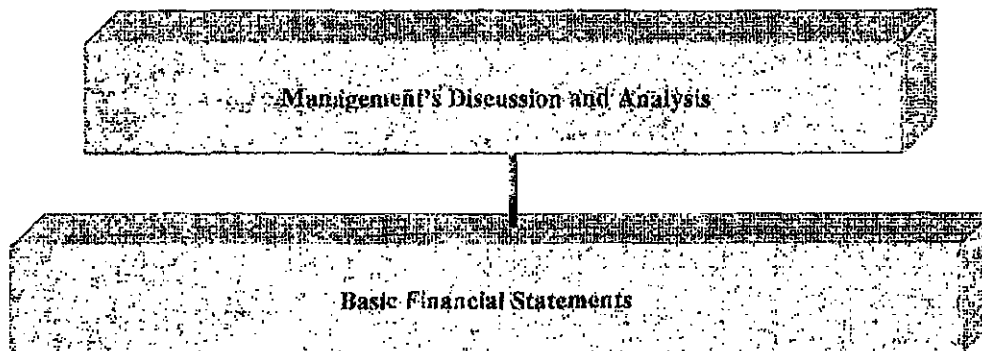
The Management's Discussion and Analysis of the West Calcasieu Parish Community Center Authority's financial performance presents a narrative overview and analysis of the Authority's financial activities for the year ended June 30, 2006. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's assets exceeded its liabilities at the close of the fiscal year 2006 by \$8,216,507 amount, \$3,791,137 (unrestricted net assets) may be used to meet the Authority's ongoing obligations to its users.
- The changes in net assets decreased by \$736,520, resulting from a decrease of \$271,758 in capital contributions from the State of Louisiana, and a decrease of \$397,500 in hotel/motel tax revenues.
- This year included facility revenues of \$78,861 and concession revenues of \$62,621, with operating expenses increasing by \$258,788, including the depreciation increase of \$131,015.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



These financial statements consist of two sections: Management's Discussion and Analysis (this section) and the basic financial statements (including the notes to the financial statements).

**WEST CALCASIEU PARISH
COMMUNITY CENTER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006**

Basic Financial Statements

The basic financial statements present information for the Authority as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets (page 7) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets (page 8) presents information showing how the Authority's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flow (pages 9) presents information showing how the Authority's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

	<u>06/05</u>	<u>06/06</u>
Current and other assets	\$ 4,217,659	\$ 3,913,845
Restricted Assets	167,597	359,148
Capital assets	6,121,870	6,696,222
Total Assets	<u>10,507,126</u>	<u>10,969,215</u>
Other Liabilities	397,139	507,708
Long-term debts outstanding	2,630,000	2,245,000
Total Liabilities	<u>3,027,139</u>	<u>2,752,708</u>
Net Assets:		
Capital Assets- Net of Related Debt	3,126,870	4,066,222
Restricted	167,597	359,148
Unrestricted	4,185,520	3,791,137
Total Net Assets	<u>\$ 7,479,987</u>	<u>\$ 8,216,507</u>
Hotel/Motel Tax Revenue	\$ 1,300,000	\$ 902,500
Capital Contributions	385,367	113,609
Parish Revenue	100,000	110,000
Interest Income	95,432	127,095
Facility Revenue	41,141	78,861
Concession Revenues	22,427	62,621
Total Revenue	<u>\$ 1,944,367</u>	<u>\$ 1,394,686</u>

**WEST CALCASIEU PARISH
COMMUNITY CENTER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006**

	<u>06/05</u>	<u>06/06</u>
Operating Revenues	\$ 1,363,568	\$ 1,043,982
Operating (Expenses)	<u>(256,025)</u>	<u>(514,813)</u>
Net Operating Income/(Loss)	1,107,543	529,169
Non-operating Revenues	195,432	237,658
Non-operating (Expenses)	<u>(159,555)</u>	<u>(143,916)</u>
Net Non-operating Income/(Loss)	35,877	93,742
Capital Contributions	<u>385,367</u>	<u>113,609</u>
Net Increase/(Decrease) In Net Assets	<u>\$ 1,528,787</u>	<u>\$ 736,520</u>

The overall financial position of the Authority declined in the year, primarily due to the decrease in hotel/motel tax revenue and State of Louisiana capital contributions and additional costs associated with the operations of the arena.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2006, the Authority had \$6,696,222 in capital assets, net of accumulated depreciation. (See Table Below). This amount represents a net increase (including additions and deductions) of \$ 574,352 over last year.

	<u>06/05</u>	<u>06/06</u>
Construction in Progress	\$ 522,205	\$ 46,158
Land	828,901	828,901
Buildings	4,310,684	5,469,982
Land Improvements	301,208	345,330
Furniture and Equipment	198,799	214,006
Vehicle	26,699	44,297
Less Accumulated Depreciation	<u>(66,626)</u>	<u>(252,452)</u>
Totals	<u>\$ 6,121,870</u>	<u>\$ 6,696,222</u>

This year's major capital additions included above were:

Completion of stall barn project	\$ 796,279
Construction in progress (conference center)	\$ 46,158
Land Improvements	\$ 44,122
Arena furniture and equipment	\$ 19,481
Purchase of Vehicle	\$ 17,598

As of June 30, 2006, the total contracted amount, with change orders, for the conference center project was \$ 7,418,252 of which \$ 46,158 had been paid.

Debt Administration

The long-term debt balance decreased \$ 385,000 as principal was paid on the excess revenue bonds, decreasing the balance from \$2,995,000 to \$2,630,000 in the current year.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Adrian Moreno, West Calcasieu Parish Community Center Authority.

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To the Board
West Calcasieu Community Center Authority
Sulphur, Louisiana

We have audited the accompanying financial statements of West Calcasieu Parish Community Center Authority, a component unit of the State of Louisiana as of and for the year ended June 30, 2006, as listed in the table of contents. These financial statements are the responsibility of the West Calcasieu Parish Community Center and Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Calcasieu Parish Community Center Authority as of June 30, 2006 and results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*. This results in a change in the format and content of the financial statements as June 30, 2006.

The Management's Discussion and Analysis and supplemental information schedules on pages 2 through 5 are not a required part of the financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 19, 2006 on our consideration of West Calcasieu Parish Community Center Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of the audit.

McMullen and Mancuso, CPAs, LLC


December 19, 2006

WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA
STATEMENT OF NET ASSETS
June 30, 2006

ASSETS

Current Assets:		
Cash and Cash Equivalents (Note 2)	\$ 1,331,689	
Investments (Note 3)	2,075,964	
Miscellaneous Receivable	148	
Taxes Receivable	448,232	
Prepaid Insurance	16,300	
Concession Inventory	<u>4,444</u>	
Total Current Assets		3,876,777
Restricted Assets:		
Cash and Cash Equivalents - Restricted (Note 4)		359,148
Property and Equipment:		
Building	5,469,982	
Construction in Progress	46,158	
Land	828,901	
Land Improvements	345,330	
Office Furniture and Equipment	214,006	
Vehicle	44,297	
Less Accumulated Depreciation	<u>(252,452)</u>	
Net Property and Equipment		6,696,222
Other Assets:		
Other Bond Issue Costs (net of \$26,617 amortization)		<u>37,068</u>
Total Assets		<u>\$ 10,969,215</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Current Liabilities (Payable from Current Assets):		
Accounts Payable	\$ 3,810	
Payroll Taxes Payable	4,295	
Deferred Income	<u>94,330</u>	
Total Current Liabilities Payable from Current Assets		102,435
Current Liabilities (Payable from Restricted Assets):		
Interest Payable - Bonds	20,273	
Bonds Payable - Current (Note 7)	<u>385,000</u>	
Total Current Liabilities Payable from Restricted Assets		405,273
Bonds Payable - Long-Term (Note 7)		<u>2,245,000</u>
Total Liabilities		2,752,708

NET ASSETS

Invested in Capital Assets, net of related debt	4,066,222	
Restricted for Construction Costs	164,879	
Restricted for Debt Service	194,269	
Unrestricted	<u>3,791,137</u>	
Total Net Assets		<u>8,216,507</u>
Total Liabilities and Net Assets		<u>\$ 10,969,215</u>

See Accompanying Notes to Financial Statements

WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2006

Operating Revenues:

Taxes - Hotel/Motel	\$ 902,500	
Facility Revenues	78,861	
Concession Revenues	<u>62,621</u>	
Total Operating Revenues		\$ 1,043,982

Operating Expenses:

Advertising and Promotions	10,212	
Communications	6,530	
Cost of Sales - Concessions	38,535	
Depreciation	188,245	
Dues and Subscriptions	609	
Insurance	32,012	
Maintenance of Property and Equipment	21,261	
Other Expenses	1,043	
Payroll and Related Benefits	128,459	
Professional Fees	22,072	
Rentals	1,117	
Supplies	12,612	
Training and Safety	1,212	
Transportation, Lodging and Meals	13,479	
Utilities	<u>37,415</u>	
Total Operating Expenses		<u>514,813</u>
Operating Income (Loss)		529,169

Nonoperating Revenues (Expenses):

Intergovernmental - Parish Revenue	110,000	
Amortization Expense	(6,354)	
Interest Expense - Bonds	(135,708)	
Interest Income	127,095	
Other Income	563	
Loss on Disposal of Fixed Assets	<u>(1,854)</u>	
Total Nonoperating Revenues (Expenses)		<u>93,742</u>
Income Before Contributions		622,911
State of Louisiana Capital Contributions		<u>113,609</u>
Change in Net Assets		736,520
Net Assets - July 1, 2005		<u>7,479,987</u>
Net Assets - June 30, 2006		<u>\$ 8,216,507</u>

See Accompanying Notes to Financial Statements

WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA
STATEMENT OF CASH (AND EQUIVALENTS) FLOWS
For the Fiscal Year Ended June 30, 2006

Cash Flows From Operating Activities:

Taxes Received	\$ 713,979
Receipts From Customers	141,380
Payments For Goods and Services	(197,177)
Payments To Employees For Services	<u>(131,093)</u>
Net cash Provided By Operating Activities	527,089

Cash Flows From Capital And Related Financing Activities:

Payments For Building And Improvements	(683,251)
Land Improvements	(44,122)
Purchase Of Property And Equipment	(19,481)
Purchase Of Vehicles	(17,598)
Debt Service On Bond	(503,520)
Increase In Restricted Cash Accounts-Net	(191,552)
Capital Outlay Grant Receipt	<u>188,044</u>
Net Cash Used By Capital And Related Financing Activities	(1,271,480)

Cash Flows From Non-Capital Financing Activities:

Receipt Of Intergovernmental-Parish	110,000
Receipt of Insurance Proceeds	119,920
Payments for Storm Damage Repair	<u>(25,590)</u>
Net Cash Provided By Non-Capital Financing Activity	<u>204,330</u>

Cash Flows From Investing Activities:

Purchase Of Investments	(32,629)
Interest Income	127,095
Other Income	<u>563</u>
Net Cash Provided By Investing Activities	<u>95,029</u>

Net Increase (Decrease) In Cash And

Cash Equivalents	(445,032)
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Cash Equivalents At Beginning Of Year

1,776,721

Cash Equivalents At End Of Year

\$ 1,331,689

Reconciliation Of Operating Income (Loss)

To Net Cash Provided (Used) By Operating Activities:

Operating Income (Loss)	\$ 529,169
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Adjustments To Reconcile Operating Income To Net Cash

Provided (Used) By Operating Activities:

Depreciation Expense	188,245
Increase In Taxes Receivable	(188,521)
Increase In Miscellaneous Receivable	(148)
Increase In Prepaid Insurance	(708)
Increase In Sales Tax Payable	(102)
Decrease In Accounts Payable	1,788
Increase In Payroll Taxes Payable	(89)
Increase In Accrued Leave	<u>(2,545)</u>
Total Adjustments	<u>(2,080)</u>

Net Cash Provided (Used) By

Operating Activities

\$ 527,089

See Accompanying Notes to Financial Statements

**WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

As of and for the year ended June 30, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

This report includes all funds that are controlled by or dependent on the Board. Control by or dependence on the Board was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body and other general oversight responsibility.

B. Fund Accounting

The accounts of the Board are organized on the basis of a proprietary fund which is considered a separate accounting entity or enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses, incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

C. Basis of Accounting

The Board has implemented GASB 34 *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*.

The District's statements of net assets and revenues, expenses, and changes in fund net assets are presented using the economic resources measurement focus and the accrual basis of accounting. The revenues are recognized when they are earned, and expenses are recognized when incurred.

GASB No. 20 requires that governments' proprietary activities apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins. Governments are given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The District has elected not to implement FASB Statements and Interpretations issued after November 30, 1989.

D. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Authority may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

E. Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Authority's investment policy. If the original maturities of the investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets

All capital assets are recorded at cost and updated for additions and retirements during the year. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Land and construction in progress are not depreciated. The Authority maintains a capitalization threshold of \$250. The Authority does not possess any infrastructure. Interest costs incurred during construction are not capitalized. Improvements are capitalized; the cost of normal maintenance and repairs that do not add value to the asset or materially extend the assets life are recorded as expenses. Donated assets are recorded at their estimated fair market value at the time of contribution. Depreciation is computed using the straight-line method over the estimated useful lives of the assets of five to forty years.

The following is a schedule of changes in fixed assets in the year:

		Beginning of Year	Additions	Deletions	End of Year
Building	\$	4,310,684	\$ 1,159,298	\$ -	\$ 5,469,982
Land		828,901	-	-	828,901
Land Improvements		301,208	44,122	-	345,330
Vehicles		26,699	17,598	-	44,297
Office Furniture and Equipment		198,799	19,481	(4,274)	214,006
Construction in Progress		522,205	46,158	(522,205)	46,158
Totals		6,188,496	1,286,657	(526,479)	6,948,674
Accumulated Depreciation		(66,626)	(185,826)	-	(252,452)
Net	\$	<u>6,121,870</u>	<u>\$ 1,100,831</u>	<u>\$ (526,479)</u>	<u>\$ 6,696,222</u>

WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Compensated Absences

The Authority has the following policy relating to vacation and sick leave:

Vacation

Each full-time employee shall be entitled to take vacation with pay in the following manner:

An employee of the Authority will earn one week's vacation after six (6) months from his/her hire date and it can be taken at the end of that period. After twelve (12) months service he/she is eligible for an additional week of vacation.

One year.....	2 weeks
More than three years.....	3 weeks
More than ten years.....	4 weeks
More than fifteen years.....	5 weeks
More than twenty years.....	6 weeks

Sick Leave

Sick leave shall be credited to regular employees at the rate of .0462 hours for each hour of work. Hours of work shall be defined as regular hours worked, holidays, and vacation time. (This is equivalent to eight (8) hours of sick leave per month.) This shall be granted to employees during the first year of continuous employment. After one year of continuous employment, the employee shall accumulate sick leave at the rate of .0692 hours for each hour of work. (This is equivalent to twelve (12) hours of sick leave per month.) After reaching a 600-hour plateau of accumulated sick leave, an employee will accumulate sick leave at a rate of .1154 hours for each hour of sick leave and other miscellaneous paid leave. (This is equivalent to twenty (20) hours of sick leave per month.) If an employee shall fall below the 600-hour plateau due to extended illness, employees shall still retain the benefit of accumulating sick leave at a rate of .1154 hours for each hour worked plus sick leave and other miscellaneous paid leave.

The Authority's recognition and measurement criteria for compensated absences is as follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the employees earn the benefits if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

**WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2006**

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Compensated Absences (Continued)

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

H. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. The commitments (purchase orders, contracts, and other commitments for the expenditures of funds) are not treated as expenditures until a liability for payment is incurred but are merely used to facilitate effective budget control and cash planning and management

I. Net Assets

Net assets present the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are reduced by outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by Authority, legislation or external restrictions by creditors, grantors, laws or regulations of other governments. The Authority's policy is to first apply restricted resources when an expense is incurred for which both restricted and unrestricted net assets are available.

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market.

WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2006

NOTE 2 – CASH AND CASH EQUIVALENTS

At June 30, 2006 the Authority had cash and cash equivalents (book balances) totaling \$1,944,318 as follows:

Non interest-bearing demand deposits-current	\$	1,100
Interest-bearing demand deposits - current		1,330,589
Interest-bearing demand deposits - restricted		<u>359,149</u>
Total	\$	<u><u>1,690,838</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on the with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2006, the Authority had \$1,956,227 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$1,856,227 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Authority that the fiscal agent has failed to pay deposited funds on demand.

Under state law, the Authority may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

NOTE 3 - INVESTMENTS

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Authority's investment policy. Investments are reported at their fair value and are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the authority or its agent in the authority's name
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the authority's name
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department

**WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2006**

NOTE 3 – INVESTMENTS (Continued)

At June 30, 2006, the Authority's investment balance was as follows:

Type of Investment	Category			Carrying Amount	
	1	2	3	Fair Value	Cost
Certificates of Deposit	\$ -	\$ -	\$ 2,075,964	\$ 2,075,964	\$ 2,000,000
Total investments				<u>\$ 2,075,964</u>	<u>\$ 2,000,000</u>

These investments are secured from risk by \$100,000 of federal deposit insurance and \$1,875,964 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

NOTE 4 - RESTRICTED CASH

The Authority has established an account to be utilized for construction costs of the facilities. As of June 30, 2006, the amount restricted was \$164,879.

Trust funds have been established to provide for the retirement of principal and interest on the bond. These funds are held with a paying agent on behalf of the Authority. The balance at June 30, 2006 was \$194,269.

NOTE 5 – COMPENSATED ABSENCES

At June 30, 2006, the employees of the Authority have accumulated and vested \$2,744 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

NOTE 6 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; injuries to employees, and natural disasters. The Authority has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur.

NOTE 7 – BONDS PAYABLE

The Authority issued \$4,000,000 in excess revenue bonds dated May 1, 2002, due in annual installments of \$320,000 - \$495,000 through May 1, 2012, plus interest at 4.625%. These certificates were issued for the purpose of providing a portion of the funds necessary to acquire and construct a multi-purpose arena and sports complex with all necessary equipment and furnishings.

WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2006

NOTE 7 - BONDS PAYABLE (Continued)

Annual debt service requirements to maturity for the excess revenue bonds as of June 30, 2006 are as follows:

Year Ending June 30,	Revenue Principal	Bonds Interest
2007	385,000	121,638
2008	410,000	103,831
2009	425,000	84,868
2010	445,000	65,213
2011	470,000	44,632
Thereafter	495,000	22,894
	<u>\$ 2,630,000</u>	<u>\$ 443,076</u>

Changes in bonds payable were as follows:

Bonds Payable - July 1, 2005	\$ 2,995,000
Bonds principal retired	<u>(365,000)</u>
Bonds Payable - June 30, 2005	<u>\$ 2,630,000</u>

NOTE 8 - RETIREMENT COMMITMENTS

The Authority does not provide retirement benefits. The employees of the Authority participate in the Social Security system and retirement benefits are provided by that system. The Authority is not responsible for any post-employment benefits. The Authority has only the usual obligations to make current matching payments to the social security system for active employees.

NOTE 9 - FLOW OF FUNDS; RESTRICTIONS ON USE

Under the terms of the bond resolution on outstanding excess revenue bonds dated May 1, 2002, all excess revenues are irrevocably pledged and dedicated, as well as those funds and monies budgeted, allocated, available, dedicated, set aside or otherwise to be utilized to fund or make debt service payments on the outstanding certificates. Pursuant to a Collection and Disbursement Contract by and between the Authority, and the State, through the Department of the Treasury (the "Treasury") and the Department (the "Department") of Revenue and Taxation, the Department agrees that, to the extent tax revenues are appropriated in each fiscal year by legislature as required by the Tax Act, it will transfer Tax Revenues from the West Calcasieu Parish Community Center Fund to the Revenue fund established by the Certificate Resolution with the Paying Agent / Registrar for the Certificate.

**WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2006**

NOTE 9 - FLOW OF FUNDS; RESTRICTIONS ON USE (Continued)

In order that the principal and interest of the Certificate will be paid in accordance with their terms and for other objects and purposes, the following special trust funds have been established, to be maintained and held by the Paying Agent / Registrar, for and on behalf of the holders of the certificates:

- (1) Series 2002 Excess Revenue Certificates of Indebtedness Fund (the "Revenue Fund"); and
- (2) Series 2002 Excess Revenue Certificates of Indebtedness Sinking Fund (the "Sinking Fund").

NOTE 10 - CAPITAL CONTRIBUTIONS

The Authority was the recipient of a State Capital Outlay Grant in 2002 Regular Session of the Louisiana Legislature to be used for the construction of a multi-purpose outdoor arena. The grant is a \$3,655,000 local match grant. Total state funding is \$2,000,000 including a non-cash line of credit of \$1,100,000. \$113,609 was received in the year ended June 30, 2006.

NOTE 11 - INTERGOVERNMENTAL REVENUE

The District entered into a cooperative agreement with the Calcasieu Parish Police Jury to provide for an annual contribution of \$100,000 from the Burton Coliseum and Agricultural Services tax for a period of ten (10) years beginning January 1, 2004.

NOTE 12 - CONSTRUCTION COMMITMENTS

Construction In Progress consists of the preliminary design fee for the architects on Phase II Conference Center. The total projected cost to complete construction is \$7,418,252.

NOTE 13 - ECONOMIC DEPENDENCY

The Authority relies on the appropriation from the State of Louisiana from the Hotel Occupancy Tax funds to provide for the payment of bond principal and interest. If the State does not continue to appropriate funds for the Authority, their ability to retire their debt would be significantly affected.

Note 14 - BOARD PER DIEM

The members of the governing board received no per diem for the year ended June 30, 2006.

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**Report on Compliance and on Internal Control over Financial Reporting
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

To the Board
West Calcasieu Community Center Authority
Sulphur, Louisiana

We have audited the basic financial statements of Calcasieu Parish Community Center Authority as of and for the year ended June 30, 2006, and have issued our report thereon dated December 19, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Calcasieu Parish Community Center Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect West Calcasieu Community Center Authority's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2006-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Calcasieu Parish Community Center Authority financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Members

American Institute of Certified Public Accountants
Louisiana Society of Certified Public Accountants

This report is intended for the information and use of management; others within the Board, the Board of Directors and the Legislative Auditor and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

McMullen and Mancuso, CPAs

McMullen and Mancuso CPAs

December 19, 2006

**WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

**SUPPLEMENTAL INFORMATION SCHEDULES
For the Year Ended June 30, 2006**

Prior Audit Findings

The follow-up and corrective action taken on all prior audit findings is presented in the summary schedule of prior audit findings (Schedule 1).

Current Audit Findings

2006-1 Document and retain written confirmation in compliance with bid law.

Condition: No written documentation of telephone or facsimile quotations on the purchase of a vehicle were obtained or retained.

Criteria: The requirement is that purchases of ten thousand dollars or more, but less than twenty thousand dollars, should be made by obtaining not less than three (3) telephone or facsimile quotations. Written documentation of the accepted offer should be obtained and made part of the purchase file.

Effect of Condition: The amount and number of quotations cannot be verified through written documents.

Cause of Condition: The lack of documentation was an oversight by the director.

Recommendation: Louisiana Public Bid Law should be followed, and written documentation of accepted offers should be obtained and made a part of the purchase file.

**West Calcasieu Parish Community Center Authority
Calcasieu Parish, Louisiana**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006

We have audited the financial statements of the West Calcasieu Parish Community Center Authority, a component unit of the State of Louisiana, as of and for the year ended June 30, 2006, and have issued our report thereon dated December 19, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2006 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No Other Conditions ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

Section II Financial Statement Findings:

There were no current year financial statement audit findings.

**West Calcasieu Parish Community Center Authority
Calcasieu Parish, Louisiana**

SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2006

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
There were no prior year findings related to internal control of and compliance material to the financial statements.	
SECTION II - MANAGEMENT LETTER	
ML2005-1- Obtain Fidelity Bond Coverage It is recommended that the Authority obtain fidelity bond coverage.	Resolved
ML 2005-2- Deposit Receipts on a Timely Basis It is recommended that the Authority deposit receipts on a timely basis.	Resolved
ML 2005-3-Reconcile Accounts to Supporting Documentation It is recommended that the bank reconciliations be reconciled to the monthly cash general ledger balances.	Unresolved
ML 2005-4-Use of Gift Cards It is recommended that any gift cards received be used for government expenses only.	Resolved

THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT

**West Calcasieu Parish Community Center Authority
Calcasieu Parish, Louisiana**

MANAGEMENT'S CORRECTIVE ACTION PLAN

Year Ended June 30, 2006

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
2006 - 1- Document and Retain Written Confirmation in Compliance with Bid Law. We recommend documentation be obtained and retained when when telephone or facsimile quotations are required.	Management will document and retain documentation on all bids for purchases.
SECTION II - MANAGEMENT LETTER	
ML 2006-1-Maintain an Accounts Payable System We recommend that the Authority consider using existing computer system to process and manage accounts payable.	Management will implement an accounts payable system.
ML 2006-2- Reconcile Accounts to Supporting Documentation It is recommended that bank reconciliations be reconciled to the monthly cash general ledger balances.	Management has implemented procedures to ensure the bank reconciliations are reconciled to the monthly cash general ledger
ML 2006-3-Increase the Threshold for Capitalization of Fixed Assets It is recommended the Authority increase the capitalization policy.	Management will consider increasing the threshold to \$1,000.00 and seek board approval.

THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT

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MANAGEMENT LETTER

To the Board of Directors
West Calcasieu Parish Community Center Authority
Sulphur, Louisiana

We have audited the financial statements of the West Calcasieu Parish Community Center Authority, a component unit of the State of Louisiana, as of and for the year ended June 30, 2006, and have issued our report thereon dated December 19, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As part of our examination, we have issued our report on the financial statements, dated December 19, 2006, and our report on internal control and compliance with laws, regulations, and contracts, dated December 19, 2006.

During the course of our examination, we became aware of the following matters which represent immaterial deviations of compliance or suggestions for improved internal controls.

ML 2006-1-Maintain an Accounts Payable System

The Authority does not maintain an adequate purchasing/accounts payable system. An accurate listing of open payables is not available as a tool for management to properly manage trade accounts payable. We recommend that the Authority consider using the existing computer system to process and manage accounts payable.

ML 2006-2 - Reconcile Accounts to Supporting Documentation

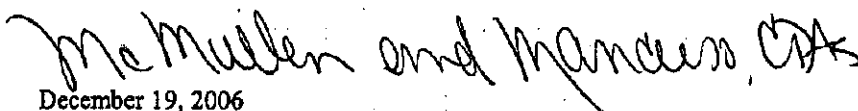
In order to make the financial reports generated by the accounting system as meaningful as possible, the Authority should reconcile the general ledger accounts for cash to supporting documentation on a monthly basis. A benefit of monthly reconciliations is that errors do not accumulate but can be identified and attributed to a particular period, which makes it easier to perform future reconciliations. A cash reconciliation that reconciles from the bank balance to the general ledger balance should be prepared to determine that all cash transactions have been recorded properly and to discover bank errors.

ML 2006-3 - Increase the Threshold for Capitalization of Fixed Assets

At present, the Authority capitalizes property acquisitions over \$250.00. In view of the Authority's anticipated increase in property acquisitions, we recommend that management consider the possibility of increasing the threshold to \$1,000.00 to avoid having to keep ongoing records for items of relatively small value. The Board should adopt this minimum amount threshold for capitalization of assets and expense items below this threshold.

We recommend management address the foregoing issues as an improvement to operations and the administration of public programs. We are available to further explain the suggestions or help implement the recommendations.

McMullen and Mancuso, CPAs


December 19, 2006

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